

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter increased 1 1/2 cents to \$1.1000, Grade A increased 2 cents to \$1.0200, and Grade B increased 2 cents to \$1.0100. Also at the CME, barrel cheese increased 7 3/4 cents to \$1.2000 and 40# blocks increased 1/2 cent to \$1.2725.

According to NASS, U.S. cold storage holdings of butter on June 30, 1997, total 60.3 million pounds, down 5.6% from May but 103.1% more than June 1996. Natural American cheese holdings total 463.5 million pounds, 4.1% more than May and 18.0% more than a year ago. Nonfat dry milk holdings at the end of May total 151 million pounds, 23.8% more than April and 71.6% above a year ago.

The June 1997 Consumer Price Index (CPI) for all food is 156.6, up 2.6% from June 1996. The dairy products index, at 144.1, is 3.1% more than a year ago. The June to June changes in selected dairy products are: fresh whole milk up 1.5%; cheese 3.9% higher; and other dairy products (includes butter) up 4.4%.

During June, about 9.6 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in June 1996, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 4.2% more than June 1996, and about 1.4% less than May 1997 on a daily average basis. Milk utilized in Class I products in June was 1.6% more than last year on an adjusted basis. Class I use this year represented 36% of producer milk deliveries compared to 40% in June 1996. The average blend price was \$12.25, \$2.47 less than last year. Changes in class prices from year-earlier levels were: Class I, down \$1.65; Class II, down \$1.65; Class III, down \$3.18; and Class III-A, down \$2.90.

Milk production in most areas of the country is past seasonal peaks but continues to be higher than expected for mid to late July. Cooler weather

returned to the Upper Midwest and milk output rebounded slightly. In California and other Western states, milk is holding above a year ago levels despite hotter weather. Florida and other Southeastern states are not importing as much milk as a year earlier due to higher milk volumes and less aggressive fluid milk demand. Sustained heat in the South Central region is impacting milk production. Cream markets are mixed despite the recent increase in the Grade A butter price. Multiples were often lower. There remains a good call for cream from ice cream producers. Ice cream production is heavy. Fluid milk orders are seasonally fair unless featured.

Nonfat dry milk prices are slightly lower as producers' offerings increase. Production remains active in the West. Inventory levels are increasing at several plants. The trade speculates that Mexico is in the market looking for additional NDM. Volumes and timing of any DEIP orders are not expected to affect market prices. Other DEIP orders continue. Domestic demand remains flat. Buttermilk prices are slightly higher and demand is fair. Offerings are lower as producers are comfortable holding on to stocks. Dry whey and WPC prices continue to increase, but at slower rates. Whey is available from several producers with some premiums remaining. Resale loads of WPC are being offered at prices often better than producers'. The lactose market continues to decline as spot loads are available from many producers and resellers.

During the week of July 21 - 25, CCC net dairy product purchases under the price support program were 330,690 pounds of Western nonfortified NDM.

SPECIAL THIS ISSUE

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BUTTER MARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	:	JULY 22	:	JULY 24	:	JULY 25
AA	:	\$1.0850 - 1.0950	:	\$1.0850 - 1.0950	:	\$1.0850 - 1.0950
	:	(+.0150) (+.0150)	:	:	:	:
A	:	\$1.0000 - 1.0100	:	\$1.0000 - 1.0100	:	\$1.0000 - 1.0100
	:	(+.0100) (+.0100)	:	:	:	:

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all grades of bulk butter are up 1 1/2 - 2 cents. The butter market is unsettled. Stocks of both fresh and storage butter are ample. Domestic buying interest is fair at best. This week, DEIP bonuses included an award for 1,520 MT of butter for export to Asia and the Former Soviet Union. Since July 1, the start of the new DEIP year, over 2,000 MT of butter have been committed to export.

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	:	JULY 21 - 25, 1997
BARRELS*	:	\$1.1025 - 1.1275 (NOMINAL)
40# BLOCKS	:	\$1.2775 - 1.2975 (NOMINAL)
	:	(\$1.0700) (\$.0700)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is unsettled, but firm. With recent reports of heavier milk production and ample supplies of cheese, many contacts are a little surprised by recent price increases at the Chicago Mercantile Exchange. This week, in very active trading at the CME, 40# blocks were up fractionally and barrels increased 7 3/4 cents. Cheese production is trending lower, but with rising prices many feel that more of the available milk may move into cheese production. Demand for cheese is fair.

CHICAGO MERCANTILE EXCHANGE

Sales are listed in chronological order; bids and offers listed in numeric order.

BUTTER TRANSACTIONS ON FRIDAY, JULY 25, 1997

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION - LST
AA	:	+.0150	:	\$1.1000 : SALE 07/25/97
A	:	+.0200	:	\$1.0200 : BID 07/25/97
B	:	+.0200	:	\$1.0100 : BID 07/25/97

SALES: 1 CAR GRADE AA @ \$1.1000 (LST)

BIDS UNFILLED: 1 CAR GRADE A @ \$1.0200 (LST)
1 CAR GRADE B @ \$1.0100 (LST)

OFFERS UNCOVERED: 3 CARS GRADE AA:
1 @ \$1.1800, 1 @ \$1.1700, 1 @ \$1.1200

CHEESE TRANSACTIONS ON THURSDAY, JULY 24, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION
BARRELS	:	+.0775	:	\$1.2000 : SALE 07/24/97
40# BLOCKS	:	+.0050	:	\$1.2725 : SALE 07/24/97

SALES: 52 CARS BARRELS: 2 @ \$1.1525, 2 @ \$1.1450,
15 @ \$1.1225, 1 @ \$1.1250, 2 @ \$1.1225, 2 @ \$1.1250, 1 @ \$1.1225,
2 @ \$1.1250, 2 @ \$1.1275, 1 @ \$1.1425, 2 @ \$1.1350, 4 @ \$1.1400,
2 @ \$1.2225, 3 @ \$1.1575, 1 @ \$1.2225, 4 @ \$1.1600, 1 @ \$1.1475,
1 @ \$1.2000, 1 @ \$1.1500, 2 @ \$1.1600, 1 @ \$1.2000 (LST)
10 CARS 40# BLOCKS:
7 @ \$1.2700, 3 @ \$1.2725 (LST)

BIDS UNFILLED: 5 CARS BARRELS
2 @ \$1.1500, 1 @ \$1.1400, 2 @ \$1.1225
2 CARS 40# BLOCKS @ \$1.2725

OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.2225, 1 @ \$1.2000

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Other Dairy Products		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
APR 1997	156.6	2.8	145.7	6.4	142.6	4.5	148.2	5.2	137.1	14.3	147.7	4.2
MAY 1997	156.6	3.0	145.4	5.7	142.5	4.4	147.8	4.2	135.4	12.7	147.7	4.6
JUNE 1997	156.6	2.6	144.1	3.1	141.6	1.5	147.1	3.9	132.4	4.4	147.9	3.4
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Dollars											
APR	2.606	2.537	2.372	2.321	2.177	1.651	3.534	3.182	NA	3.436	2.903	2.728
MAY	2.608	2.532	2.377	2.317	2.121	1.685	3.528	3.211	NA	3.399	2.876	2.825
JUNE	2.587	2.599	2.364	2.390	2.026	1.906	3.400	3.304	NA	3.374	2.877	2.827

* NA Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

PRINT BUTTER MARKETS - GRADE AA**NORTHEAST**

Prices are 1 1/2 cents higher and the market tone is unsettled. Prices rebounded a week after they dropped sharply and many buyers are unsure how to take this change. When prices "jump around" like this, buyers usually step back and wait for a little more stability. The market had been relatively weak and many contacts expected further price decreases at the CME. Reports indicate that butter offerings are tightening due to lighter production. However, heavy purchases or speculation early in the year are keeping supplies readily available which seems to have tempered the typically good midsummer demand. Production is lighter, but still heavier than expected for mid July. Some printers report lighter schedules to accommodate the relatively slow retail movement. Food service orders are steady.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.2950-1.5425
1 LB. PRINTS	:	1.2100-1.3925
CHIPS/PATTIES	:	1.2725-1.4425
REDDIES	:	1.3475-1.5425
CONTINENTALS	:	1.4275-1.6025

CENTRAL

Print butter prices are generally 1 1/2 cents higher following cash market trading at the Chicago Mercantile Exchange July 18. The market tone remains unsettled. Stocks of print butter are reported to be sufficient for current needs. In instances, handlers are stating that stocks are in much better balance than anticipated for this time of the summer. Buying interest is mixed, typical for the middle of the summer vacation season. Food service orders remain quite strong as away from home eating patterns are good. Retail orders are seasonally fair. Overall buying patterns are being hampered by the unsettled market tone. Most buyers are hesitant to place large orders at this time.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.1850-1.5925
1 LB. PRINTS	:	1.1500-1.3125
CHIPS/PATTIES	:	1.1750-1.3850
REDDIES	:	1.2600-1.4950
CONTINENTALS	:	1.4150-1.6050

WEST

Western print butter prices rebounded after trading at the CME on July 18. Contacts are uncertain about how to proceed with this market. There seems to be plenty of butter around in all positions. Buyers are taking a real wait and see attitude. Many are questioning how comfortable they should be feeling about their present stock situation. Some new export interest is developing. Production remains ahead of anticipated levels for most producers. Cream demand is fair. Ice cream interest is seasonally good.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.3675-1.4150
1 LB. PRINTS	:	1.2975-1.3575
PATTIES	:	1.3400-1.5050
REDDIES	:	1.4650-1.4825

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.0825-1.1225
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
	:	:
07/21/97	39,779	121,433
07/01/97	40,047	116,588
CHANGE	-268	4,845
% CHANGE	-1	4

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS			640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.		MN/WI	OTH STATES	U.S.
JULY 18	1,697,923	3,906,637	5,840,508	863,666		3,465,431	4,109,753	7,575,184

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Natural cheese prices are mostly 7 cents higher while unchanged on Swiss and process. The market tone is unsettled. The 7-cent jump in 40# blocks at the CME has created a very wide spread between blocks and barrels and contacts are quite sure that some adjustment or narrowing of the spread will happen in the near future. Buyers are placing normal orders and working off existing inventories. However, fearing additional price increases, some are buying a little extra. In the Northeast, cheese production is steady to lighter now that surplus milk volumes are not so burdensome. Cheese stocks are fully adequate for current needs. Retail and food service orders range fair to good with best interest in the food service channels.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1825-1.7500
Cheddar Single Daisies	:	1.1525-1.7450
Cheddar 40# Block	:	1.4050-1.5550
Process 5# Loaf	:	1.3325-1.4750
Process 5# Sliced	:	1.3525-1.4950
Muenster	:	1.4475-1.7400
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market remains steady to firm. At the Chicago Mercantile Exchange on July 17, 40# blocks advanced 7 cents to \$1.2675 and barrels were unchanged at \$1.1225. The wide spread, now 14.5 cents, is the widest since November 1996. Some buyers are taking the approach that prices could move higher into fall as milk supplies decline seasonally and schools reopen which causes extra Class I sales. Current cheddar block supplies are in reasonably good balance. Barrels continue to be affected by the large inventory of aged cheese and other processing solids (including undergrades). Process movement is steady to improved. Milk receipts are showing further declines after/during the recent period of increased heat and humidity throughout most of the region. Yields remain at low seasonal levels.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4850-1.5100
Brick And/Or Muenster 5#	:	1.4900-1.7250
Cheddar 40# Block	:	1.5100-1.9150
Monterey Jack 10#	:	1.6800-1.9150
Blue 5#	:	1.8725-2.0300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6400-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

Natural prices continue to rebound from the spring low levels following trading on the CME on July 18. Process and Swiss prices are about steady. Any strength is centered around interest for current cheddar. Aged and processing solids are readily available. Contacts are surprised at the quick run up in prices and are concerned that there may be a readjustment before milk supplies seasonally tighten this fall. Milk production is declining more rapidly along normal seasonal patterns. The market seems to have an uncertain undertone at this time.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3125-1.6900
Cheddar 40# Block	:	1.4500-1.7300
Cheddar 10# Cuts	:	1.6850-1.7900
Monterey Jack 10#	:	1.6450-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE

Prices for domestic styles are sharply higher; unchanged on imported. The market tone is typical for midsummer. Demand is slow to fair and offerings are readily available for current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6025-2.1700*
Gorgonzola	: 3.2400-5.9400	: 2.2250-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9700-3.0500*
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2750-1.7825*
Romano (Cows Milk)	: -0-	: 2.8050-3.0100*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Some much needed rain fell on the Middle Atlantic and Southeastern states this week. The moisture and brief respite from the heat did not change the downward trend in milk production. Many contacts are still surprised that the milk flow is holding up as high as it is this late in the summer. Hurricane Danny did cause some flooding, power outages, and other related problems when it came ashore. Farm pick ups and processing schedules are getting back to normal. In the Northeast, milk output is falling, but milk supplies are still long. Less milk is being shipped out of this area for processing. Some milk is being shipped into the Carolinas. Florida handlers are still quite well balanced this week and only about 6 loads of milk are being imported from outside normal sources of supply. This is quite unusual for late in July, but milk production in Florida, though dropping, is holding well above expectations and last year's output. Bottled milk sales range from slow to fair, at best. Surplus milk volumes are dropping and manufacturing schedules, though heavier than desired, are often lighter. The condensed skim market is fair to good with prices mostly unchanged. Some suppliers would like to move more condensed rather than build NDM stocks. The fluid cream market is mixed. Offerings range from light to fully adequate. Demand is also mixed and ranges from good to slower. Multiples used to determine price are often lower this week. Ice cream production is not as heavy as many expected. The recent hot weather actually hurt sales and some producers have caught up with orders and are slowing output rather than build too large an inventory. Frozen novelty and soft serve sales are holding up fairly well. Bottled cream sales are about steady. Production of sour cream and cream cheese are seasonally light to moderate. Churning activity is moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.4000 - 1.5400
Delivered Equivalent Atlanta	-	1.4355 - 1.5282 M 1.4800-1.5200
F.O.B. Producing Plants: Upper Midwest	-	1.4700 - 1.5190

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	0.9500 - 1.0200
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

LOADS

JULY 18 - 24, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	32

Milk production is holding up surprisingly well for this time of year. The weather has been mild in the Upper Midwest and, for the most part, the milk flow is not dropping as fast as many anticipated for July. Volumes of milk from other areas are starting to dry which is tightening local supplies. Demand is often improved and, coupled with the tighter supply, spot prices are increasing. Some of the "add on" loads brought up to \$3.00 over class. Class I sales are fair to good depending on retail feature activity. Manufacturing plant receipts are lighter and yields are seasonally low. However, this week, the milk usually "direct shipped" and pooled under a Southern Order were canceled and moved to other operations. It has been reported that those shipments will probably resume next week. The need for milk in the Southeast is well below historic volumes and the milk "earmarked" for that region is having to find other outlets (manufacturing). The fluid cream market is mixed. Offerings range from light to adequate and demand is fair to good. Spot prices have moved higher because of the increases of butter prices at the Chicago Mercantile Exchange. Ice cream production and consumption are seasonally heavy.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUL 18-23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 43.00	\$ 30.00- 38.50
REPLACEMENT HEIFER CALVES	\$ 90.00-140.00	\$ 55.00-120.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

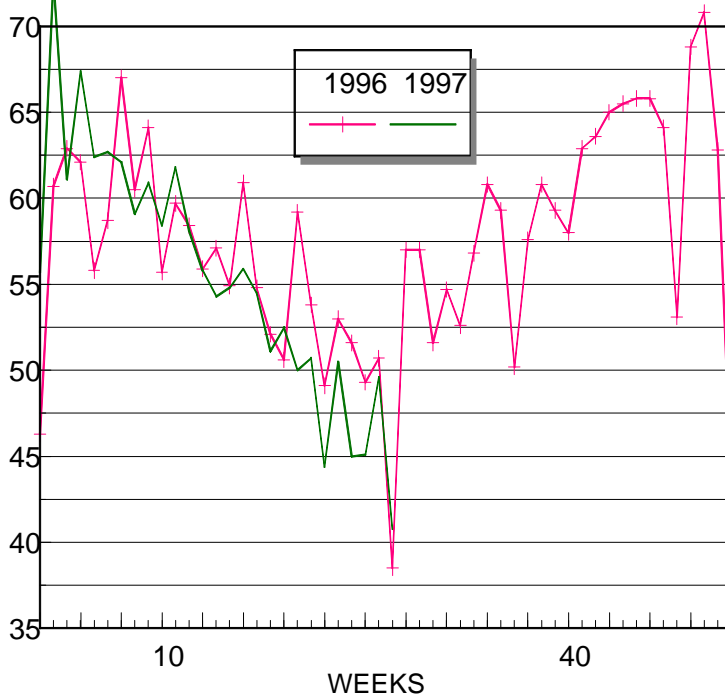
	JUL 18-23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 45.25	\$ 31.25- 38.00

W E S T

Milk production is seasonally declining in the Southwest as hotter temperatures continue, but output remains ahead of year ago levels. Producers are keeping cows as comfortable as possible, but the heat is proving stronger than the measures to combat it. Production in California remains strong for this time of year. The weather has been hot during the days, but moderate at nights. Production levels are also above a year ago levels with some regions at a pace 6 to 10% higher. Feed availability has been good and prices have declined for grains and hay. Producers' concerns over low milk prices are common and producer groups are preparing for upcoming price hearings. Fluid cream markets are active and the majority of current outside sales are going to ice cream manufacturers. Multiples are staying in the mid 120's to lower 130 range times the CME Grade A butter price. Milk production is past the seasonal peak in the Pacific Northwest, but output is holding up very well. Most manufacturing plants are continuing to run on extended schedules. Some are being taken down for seasonal maintenance. Crops look very good. Hay harvesting remains a struggle in parts of the region with too much moisture at the wrong time. Quality on first cut hay offerings that are left is declining. Early second cutting looks much better, but export buyers are proving to be very strong competitors. Slaughter cow prices are declining and heifer sales have come almost to a standstill. Financial stress is worsening. A few days of very hot weather (more than 100 degrees) has not had much impact in the northern Mountain States region on production yet. Conditions are cooling down fairly well at night so the added stress is manageable.

WEEKLY DAIRY COW SLAUGHTER

thousand head



CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 07/24/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are lower on the top end of the range, but the majority of sales in the mostly range are unchanged. The market tone is mostly steady with some unsettledness noted. Product from the resale market is providing more competition with producers. Additional offerings in the \$1.06 to \$1.0650 delivered range continue from resellers. NDM production is often lower in the region as more milk is going to fill fluid needs in the South and additional milk is being diverted to cheese plants as block prices have improved ten cents in the last two weeks. Contacts are assessing the realities of the cheese market increases and contemplating resuming standardizing/fortifying with NDM. There are rumors of Mexico being in the market. The volume and timing of any DEIP business would need to be assessed to see if it would have an impact on market prices. Stocks in the region are light to moderate.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0550 - 1.0900 MOSTLY: 1.0700 - 1.0800

DRY BUTTERMILK - CENTRAL

Prices are unchanged, but movement higher within the range is more evident. The market tone is more firm than in recent weeks. Demand is mostly fair to good for the current offerings. Producers are less likely to have powder for immediate spot sales. Some are holding on to powder for expected tighter markets later this summer. Buttermilk is sometimes available at better prices in the resale market. Drying schedules are lighter as cream entering butter plants continues to decline. Stocks in the region are light.

BUTTERMILK: 1.0200 - 1.1050

DRY WHEY - CENTRAL

Plant prices are higher and the market tone remains firm. The level of price increases are not as aggressive as recently as two or three weeks ago. Producer offerings are at light to moderate levels. Contacts are split on where the market will go. Some feel that the market is running out of gas and with higher cheese prices, more milk will return to cheese/whey plants. Others feel that prices will continue higher as milk production is declining in most of the region. Several buyers have positioned themselves and are not in the market. Resale loads are available, but have premiums attached. Plant level inventories are stated to be in good balance at most locations.

NONHYGROSCOPIC: .2100 - .2300 MOSTLY: .2150 - .2250

ANIMAL FEED WHEY - CENTRAL

Prices continue to increase and remain nominal for milk replacer, standard and roller ground whey. The market tone remains firm and buying activity is good for the limited offerings. Buyers are sometimes reluctant to make purchase, but are not finding better prices as time passes. Delactose prices are unchanged. There is ample product to fill needs at this time. Production is being affected by humid conditions over much of the region. Finished animal feed business is noted as seasonally fair.

MILK REPLACER: .1975 - .2175
STANDARD: .1950 - .2150
ROLLER GROUND: .2175 - .2400
DELACTOSE (Min. 20% protein): .3350 - .3600

LACTOSE - CENTRAL AND WEST

Prices are lower on the bottom end of the mostly range, reflecting weaker spot sales. There continues to be spot offerings from many plants and resellers. Discounting is common to move additional loads. Contract buyers are taking loads on time and exporting continues, but stated to be harder on a spot basis. Production remains steady in most areas and stocks are often in excess of current needs.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2000 - .2800 MOSTLY: .2150 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices continue to increase and, at the plant level, the market tone is firm. While producers do not have much WPC to offer, the resale channels have more and at sometimes better prices. Demand is fair for the current limited offerings and several buyers are not currently active. Some buyers are contemplating offering some extra WPC back on the market because their utilization is not as strong as anticipated. Production is mixed, but overall is holding fairly steady. Producers' stocks are light to moderate.

EXTRA GRADE 34% PROTEIN: .5950 - .6400 MOSTLY: .6150 - .6250

NONFAT DRY MILK - WEST

Western nonfat dry milk prices are lower within the range and reflected in the mostly range declining. The market tone remains weak. Plant offerings are heavy and several producers are stating they are becoming more concerned about their inventory positions. The trade is reporting that Mexico is in the market looking for NDM. Speculation is that the volume and timing will not affect current product availability and prices. Production remains strong in the region and many plants are above year ago levels. Demand is slow as buyers see little need to buy extra NDM above current needs. Stocks are moderate to heavy.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0400 - 1.0650 MOSTLY: 1.0400 - 1.0450
HIGH HEAT: 1.0600 - 1.0800

DRY BUTTERMILK - WEST

Dry buttermilk prices are higher for both the range and mostly. The market tone is firmer than in recent weeks. Cream is moving toward ice cream plants, thus limiting churning. In addition, less buttermilk is available for condensed sales or the last choice - drying. Some buyers are not able to fill orders, especially at prices they would like. Loads are available in the resale channel. Several producers are more confident with their inventory positions and expectations of better demand. Stocks are light to moderate.

BUTTERMILK: 1.0200 - 1.0700 MOSTLY: 1.0200 - 1.0400

DRY WHEY - WEST

Prices continue to increase fractionally for Western whey powder. Domestic demand is most of the reason for the continued strength. Export sales activity is steady at best with some slow downs noted. Production of whey powder is generally above expectations. Any inventories are being held with confidence. The market has a steadily firming undertone to it. Most contacts feel that the present trend will continue for the near future.

NONHYGROSCOPIC: .2000 - .2300 MOSTLY: .2050 - .2150

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 18, on powder sales of 13,447,652 pounds f.o.b. California manufacturing plants was \$1.0511 per pound. This compares to 12,000,177 pounds at \$1.0547 for the previous week ending July 11, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower and the market tone is steady at best. Production levels are easing lower as surplus milk volumes decrease. However, most Eastern butter/powder plants are still running heavier than expected for late July. Milk shipments south are lagging year ago volumes and that milk is being separated and dried. Condensed skim sales are fairly good and helping ease the volumes sent to the dryer. Plant stocks are heavier than expected and demand is just fair. Multi-load, blocks of powder are being offered at the low end of the range, but they are not finding as many interested buyers as they did several weeks ago. Nonfat dry milk is readily available in all regions and buyers don't have much of an incentive to add to their inventories at this time.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0550 - 1.1400
DELVD SOUTHEAST:	1.0900 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to slightly lower and the market tone is unchanged. Production levels are lighter as more condensed buttermilk is sold and churning activity eases lower. Producers' stocks are light, but loads are available for immediate shipment. Demand is rated as fair and steady. Producers are not getting a lot of inquiries, but regular customers are taking contracted volumes.

F.O.B. NORTHEAST:	1.0600 - 1.0800
DELVD SOUTHEAST:	1.0975 - 1.1400

DRY WHOLE MILK - NATIONAL

Prices are steady to lower, but some producers have already announced price increases beginning August 1. The market tone is steady. Spot, domestic demand is unchanged, but new DEIP acceptances are encouraging. Production levels range from light to moderate. The Kansas City Commodity Office announced the purchase of 1,000 MT (2,204,600 pounds) of dry whole milk, packed in 25 KG bags at prices ranging \$2,769.73 - 2,866.00 per MT (\$1.2563-1.3000 per pound). The purchase was for export and under invitation 077A for shipment August 6 - October 31, 1997.

F.O.B. PRODUCING PLANT:	1.1800 - 1.2400
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH JULY 18, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	3,862	MT (8,514,165 LBS)
CHANGE	--	3,411	MT (7,519,891 LBS)
WHOLE MILK POWDER	--	440	MT (970,024 LBS)
CHANGE	--	408	MT (899,477 LBS)
CHEESE	--	37	MT (81,570 LBS)
CHANGE	--	37	MT (81,570 LBS)
BUTTERFAT	--	976	MT (2,151,690 LBS)
CHANGE	--	314	MT (692,244 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are higher again this week and remain nominal. The market tone remains firm. However, some contacts feel that there is growing resistance to prices. Most producers report being sold out and are trying hard to get caught up. More spot needs are being filled with resale loads which are available if the buyer is willing to pay the asking price. Production levels are steady to lighter and there are reports that some producers are delaying contract shipments because of the lighter output. Surplus milk volumes are falling, but they have held up surprisingly high for mid/late July. The recent hot weather did affect drying efficiencies at some plants, but it is a little cooler this week. Demand is good, however, inquiries at the producer level are not as numerous.

F.O.B. NORTHEAST:	EXTRA GRADE	.2175 - .2350
	USPH GRADE A	.2300 - .2450
DELVD SOUTHEAST:		.2350 - .2625

ANIMAL FEED WHEY - NORTHEAST

Prices are steady to higher and remain nominal. The market tone continues to follow the edible, dry whey market. Stocks are tight and spot demand is fair. Prices are increasing and typically, buyers seem to have stopped making spot purchases. They do continue to take contracted volumes.

F.O.B. NORTHEAST:	MILK REPLACER	.2000 - .2075
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EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels are steady to slightly heavier as milk supplies are holding above anticipated levels for late July. Plant stocks are accumulating as producers prepare for fall and winter needs. Sales allowances are being offered, but most current sales are for replacement volumes.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

No price changes were reported for either casein types, although the undertone is unsettled. Supplies of both types are available to meet all needs. Rennet markets remain weak and unaggressive although with the natural cheese market on the firm side, rennet users are closely monitoring the situation. Acid demand is good.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.2800
ACID:	2.0000 - 2.1000

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

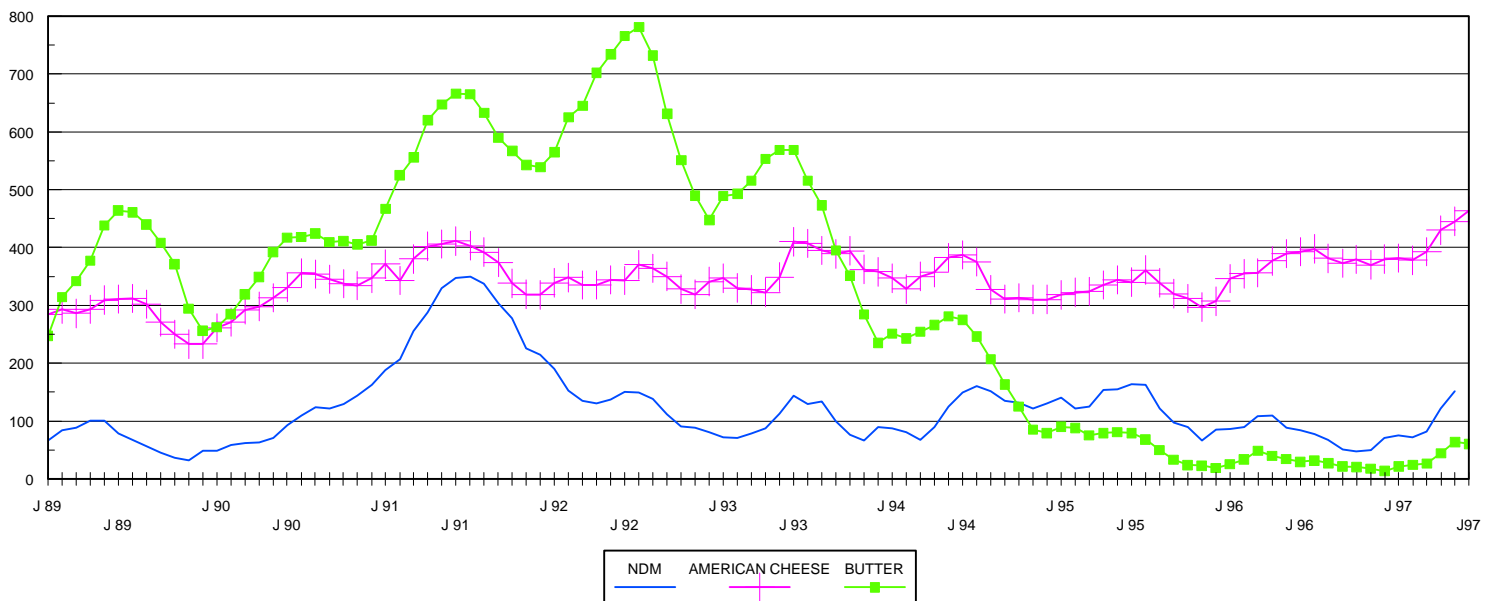
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAY 31, 1995	MAY 31, 1996	REVISED MAY 31, 1997	JUN 30, 1995	JUN 30, 1996	JUN 30, 1997
Cream	1,207	1,310	---	969	1,618	---
Butter	81,337	33,984	63,886	79,153	29,681	60,293
Evap. & Cond. Milk	1,057	722	---	1,255	1,193	---
Cheese, Natural American	344,219	389,645	445,251	347,612	392,918	463,535
Cheese, Swiss	7,687	10,923	13,200	6,619	11,939	12,122
Cheese, Other Natural	113,903	141,248	125,525	119,392	137,941	129,460
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	38,073	995	2,052	32,901	804	1,678
Natural American Cheese	320	53	45	139	65	185

JUNE COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
New England	10,708	14,993	22,184	4,559	4,318	9,427	67	74	322
Middle Atlantic	41,753	38,901	42,223	9,619	3,663	5,406	9,729	20,101	20,643
East North Central	189,098	220,828	245,189	10,973	5,934	13,025	98,850	99,670	89,525
West North Central	66,909	64,559	81,185	27,841	7,978	10,425	1,565	3,559	5,711
South Atlantic	255	258	263	1,119	869	796	2,006	7,569	5,955
East South Central	430	188	222	1,160	494	182	4,506	4,239	3,398
West South Central	397	481	5,622	16,243	1,602	237	797	190	206
Mountain	18,599	18,142	21,220	1,256	366	289	1,222	1,182	993
Pacific	19,463	34,568	45,427	6,383	4,457	20,506	650	1,357	2,707
TOTAL	347,612	392,918	463,535	79,153	29,681	60,293	119,392	137,941	129,460

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

1989 TO DATE U.S. COLD STORAGE HOLDINGS
COMBINED GOVERNEMENT AND COMMERCIAL

MILLION POUNDS



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1996 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Million Pounds						Million Pounds						Million Pounds					
January	21	25	21	22	<u>3/</u>	3	382	346	381	346	<u>3/</u>	<u>3/</u>	75	86	75	72	<u>3/</u>	14
February	24	34	24	30	<u>3/</u>	4	378	355	378	354	<u>3/</u>	<u>3/</u>	72	90	72	80	<u>3/</u>	10
March	27	49	26	47	<u>3/</u>	1	392	356	392	356	<u>3/</u>	<u>3/</u>	82	108	81	98	<u>3/</u>	10
April	44	40	42	37	2	3	430	377	430	377	<u>3/</u>	<u>3/</u>	122	110	121	100	<u>3/</u>	10
May	64	34	62	33	2	1	445	390	445	390	<u>3/</u>	<u>3/</u>	151	88	151	86	<u>3/</u>	1
June	60	30	59	29	2	1	464	393	463	393	<u>3/</u>	<u>3/</u>		84		82		1
July		32		31		1		398		398		<u>3/</u>		77		77		<u>3/</u>
August		27		26		1		381		381		<u>3/</u>		67		66		<u>3/</u>
September		21		21		1		373		372		<u>3/</u>		51		50		<u>3/</u>
October		21		20		<u>3/</u>		379		379		<u>3/</u>		48		47		<u>3/</u>
November		18		17		<u>3/</u>		370		370		<u>3/</u>		50		49		<u>3/</u>
December		14		13		<u>3/</u>		380		380		<u>3/</u>		71		71		<u>3/</u>

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	May 31, 1995	May 31, 1996	May 31, 1997	Jun 30, 1995	Jun 30, 1996	Jun 30, 1997
	Thousand Pounds					
Butter	43,264	32,989	61,834	46,252	28,877	58,615
Natural American Cheese	343,899	389,592	445,206	347,473	392,853	463,350

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (7-97) and "Dairy Products," Da 2-6 (7-97), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

DEIP EXPORTS PROJECTED STEADY OR HIGHER

Recently announced allocations for the July 1997-June 1998 Dairy Export Incentive Program (DEIP) were reduced from a year earlier because of U.S. export subsidy obligations under the General Agreement on Tariffs and Trade. However, active international markets and a larger U.S. exportable surplus are expected to lead to DEIP sales that are as large or larger than those of a year earlier.

Allocations under DEIP for nonfat dry milk total about 92,000 metric tons, down from 100,000 tons a year earlier. The reductions in the regional allocations were roughly the same. The current large supplies of powder probably will lead to sizable DEIP contracts for shipment during the second half of 1997 and early 1998. For the entire 1997/98 DEIP year, nonfat dry milk contracts are expected to be about the same as the 70,000 tons of a year earlier.

The allocation for butter and milkfat was reduced about 11 percent, but great leeway remains to increase DEIP sales within the limit. Only about a fourth of the previous year's allocation was actually used. Even so, limited availability of U.S. butter is projected to hold exports near a year earlier.

Exports of cheese under DEIP are expected to use most of the new allocation of 3,500 tons. U. S. cheese has established itself in modest niche markets, and the year-earlier allocation was more than 80 percent used. On the other hand, only a relatively small share of the new allocation for dry whole milk may be used, even though the allocation was reduced by 25 percent. Unlike the regional allocations for nonfat dry milk and butter, the cheese and dry whole milk allocations were made global.

Contract activity languished during the first 8 months of the past DEIP year, but ended the year with a surge. Almost three-fourths of the tonnage came during the last third of the year. During the second half of 1996 and early 1997, tight domestic markets sharply reduced potential DEIP supplies, while international markets were slightly sluggish. In recent months, an emerging U.S. surplus and more active international markets led to brisk DEIP business. Contract totals for the DEIP year came to 69,895 tons of nonfat dry milk; 2,195 tons of dry whole milk; 3,020 tons of cheese; and the equivalent of 9,314 tons of butter.

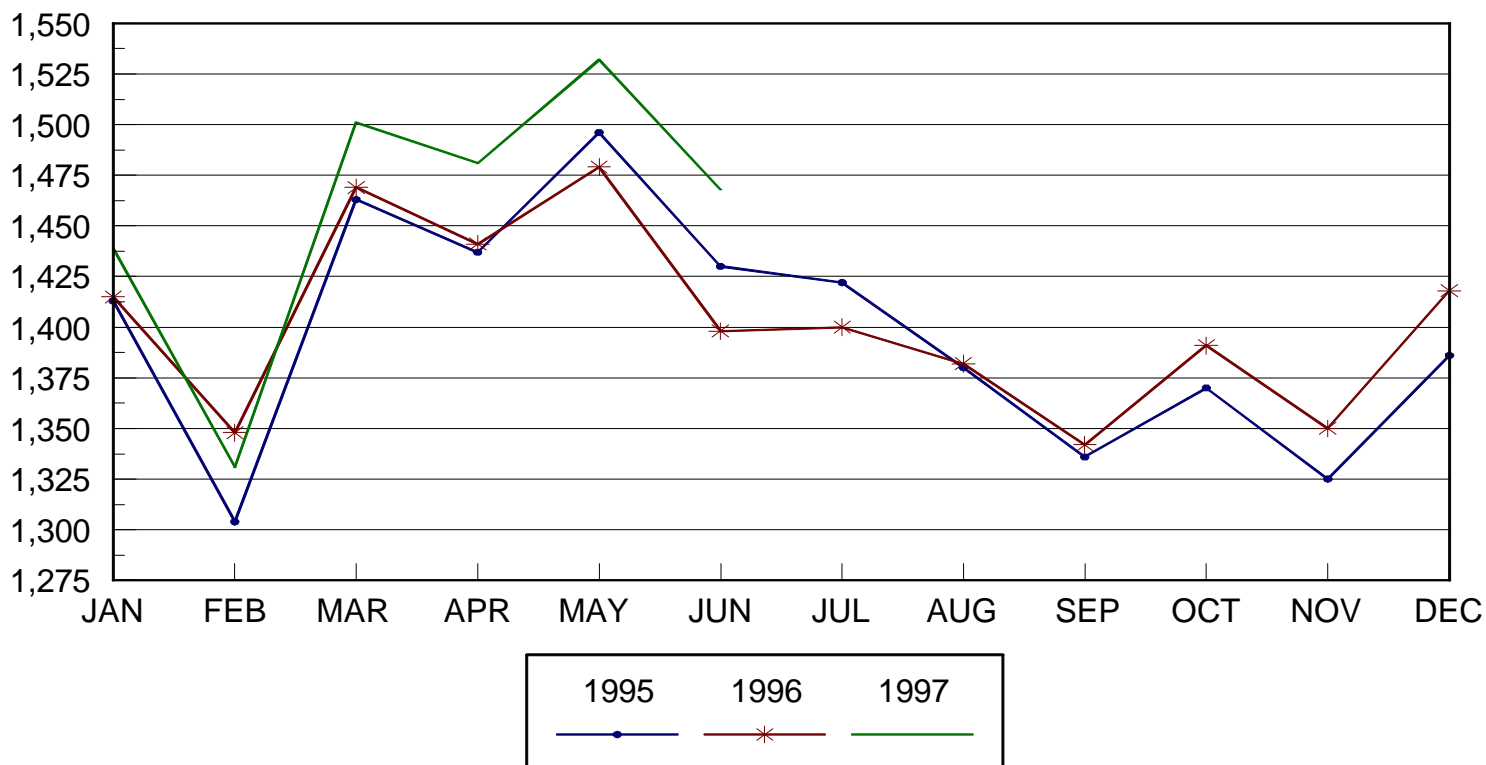
QUARTERLY AND ANNUAL FORECASTS

Item	1997 III	1997 IV	1998 I	ANNUAL	
				1997	1998
<u>Million pounds</u>					
Supply/Demand (mf basis)					
Milk Production	38,200	38,000	39,000	155,396	156,200
Commercial use	39,200	39,200	38,600	156,394	157,700
Net removals	300	100	200	800	600
<u>Dollars per cwt.</u>					
Market Prices					
Milk, all at plant	11.80-12.80	13.00-14.00	13.40-14.00	12.70-13.50	12.90-13.80
Milk, Basic Formula Price	10.50-11.50	11.80-12.80	12.00-12.50	11.20-12.00	11.80-12.70

Source: "Livestock, Dairy, and Poultry Monthly", LDP-M-43, July 17, 1997, Economic Research Service, USDA, Washington, DC. For more information, contact James J. Miller, (202) 219-0834 or <JMMILLER@econ.ag.gov>.

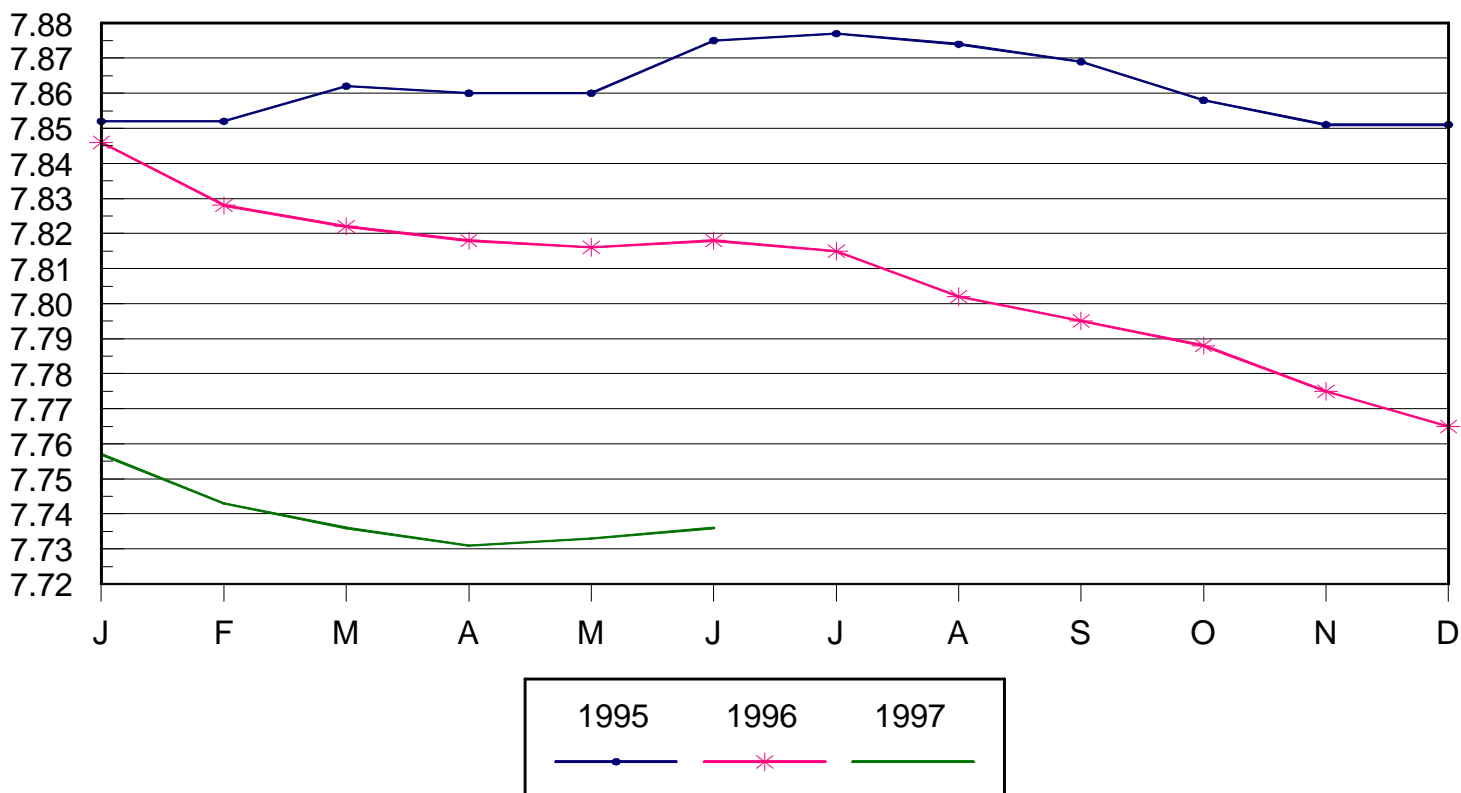
MILK PRODUCTION PER COW

POUNDS



MILK COW NUMBERS - TOP 20 STATES

MILLION HEAD



FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR JUNE 1997. During June, about 9.6 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in June 1996, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 4.2 percent more than June 1996, and about 1.4 percent less than May 1997 on a daily average basis. Milk utilized in Class I products in June was 1.6 percent more than last year on an adjusted basis. Class I use this year represented 36 percent of producer milk deliveries compared to 40 percent in June 1996. The average blend price was \$12.25 per cwt., \$2.47 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down \$1.65; Class II, down \$1.65; Class III, down \$3.18; and Class III-A, down \$2.90.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 1997										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1997 TOTAL	CHANGE FROM 1996 <u>4/</u>	1997 TOTAL	CHANGE FROM 1996 <u>4/</u>	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	463.4	2.2	196.9	0.5	42	43	13.04	15.25	11.4
New York/New Jersey (NY City)	2	999.0	-0.1	349.7	-9.4	35	39	12.59	15.03	11.4
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	580.4	24.5	237.4	19.2	41	43	12.85	15.06	---
NORTHEAST REGION		2,042.7	6.4	783.9	0.4	38	41	12.77	15.09	11.4
Carolina (Charlotte)	5	222.3	4.3	169.1	2.3	76	78	13.83	15.59	11.4
Tennessee Valley (Knoxville/Chattanooga)	11	117.0	12.9	83.2	7.8	71	74	13.45	15.34	11.4
Southeast (Atlanta/Birmingham)	7	431.0	14.6	305.6	2.6	71	79	13.72	15.72	11.4
Florida Markets (Tampa/Jacksonville/Tallahassee/Miami)	12 <u>5/</u>	230.3	4.0	188.0	0.0	82	85	14.48	16.32	11.4
SOUTHEASTERN REGION		1,000.5	9.4	745.9	2.4	75	80	13.89	15.79	11.4
Michigan Upper Peninsula (Marquette)	44	5.6	-6.2	3.9	6.5	69	61	12.19	14.22	11.4
Southern Michigan (Detroit)	40	385.0	1.6	151.1	-0.7	39	40	12.19	14.30	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	284.8	4.6	127.1	-1.2	45	47	12.06	14.41	---
Ohio Valley (Columbus)	33*	263.0	13.4	119.3	-0.6	45	52	12.40	14.45	---
Indiana (Indianapolis)	49*	168.5	17.4	91.3	10.1	54	58	12.64	14.48	---
Chicago Regional	30*	1,440.5	69.0	191.2	5.0	13	21	11.28	14.16	---
Central Illinois (Peoria)	50	16.5	17.4	10.7	6.1	65	72	12.35	14.47	11.4
S. Illinois-E. Missouri (Alton)	32*	189.1	25.2	77.6	-5.5	41	54	12.20	14.48	11.4
Louisville-Lexington-Evansville	46	92.2	17.2	72.6	16.7	79	79	13.16	14.90	11.4
Upper Midwest (Minneapolis)	68*	880.0	24.0	117.1	2.9	13	16	11.09	13.99	---
Iowa (Des Moines)	79*	255.8	26.7	69.5	-0.7	27	35	11.60	14.31	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	155.6	55.4	46.5	6.2	30	44	11.83	14.32	---
Greater Kansas City/E. S. Dakota	64 <u>6/ 7/</u>	40.4	---	---	---	---	49	12.85	14.40	11.4
MIDWEST REGION	<u>8/</u>	4,136.7	31.7	1,078.0	2.5	26	33	11.63	14.25	11.4

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 1997										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1997 TOTAL	CHANGE FROM 1996 <u>4/</u>	1997 TOTAL	CHANGE FROM 1996 <u>4/</u>	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	262.5	-13.9	112.1	-1.3	43	37	12.58	14.81	11.4
Texas (Dallas)	126	533.9	-4.7	252.8	3.5	47	44	12.89	15.03	11.4
SOUTHWEST REGION		796.4	-7.9	364.9	2.0	46	41	12.79	14.95	11.4
E. Colorado/W. Colorado (Denver)	137 <u>6/</u>	141.2	-4.7	61.2	4.1	43	40	12.33	14.69	11.4
SW. Idaho/E. Oregon (Boise)	135	257.5	12.6	14.7	14.0	6	6	10.90	13.94	---
Great Basin (Salt Lake City)	139	211.9	-1.5	67.9	5.1	32	30	11.80	14.30	---
Central Arizona (Phoenix)	131*	196.4	-1.0	77.7	2.7	40	38	12.35	14.58	11.4
New Mexico-West Texas (Albuquerque)	138*	202.7	40.1	50.7	2.3	25	34	11.90	14.56	11.4
Pacific Northwest (Seattle/Portland)	124*	564.9	12.9	168.5	9.0	30	31	12.12	14.55	---
FAR WEST REGION		1,574.7	9.7	440.5	5.9	28	29	11.90	14.43	11.4
COMP MKT. AVERAGE OR TOTAL	<u>8/</u>	9,551.0*	15.4*	3,413.3	2.4	36	40	12.25	14.72	11.4
ALL-MKT. AVERAGE OR TOTAL	<u>7/</u>	9,591.4	15.0	3,413.3	1.4	36	40	12.25	14.72	11.4
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		12,058.9	1.5	5,035.6	0.3	42	42			
Southeastern Region		6,551.4	6.5	4,949.4	-0.7	76	81			
Midwest Region	<u>8/</u>	22,380.7*	9.8*	7,205.1	0.3	32	35			
Southwest Region		5,165.1	-6.1	2,375.7	3.0	46	42			
Far West Region		9,296.4*	8.4*	2,803.4	-0.6	30	33			
COMP MARKET AVERAGE OF TOTAL	<u>8/</u>	55,452.5*	5.6*	22,369.2	0.2	40	43	12.93	14.01	----
ALL MARKET AVERAGE OR TOTAL	<u>7/</u>	55,707.0	5.5	22,369.2	-0.8	40	43	12.93	14.02	----

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 155 million and 1 billion pounds of milk in June 1997 and 1996, respectively, that normally would have been pooled under these orders. The total estimated amounts not pooled for this reason through the month of June are: for 1997, 2.7 billion pounds; and for 1996, 4.7 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for June, Midwest region +4.3, Far West region +6.0, and all-market average +4.4. Year to Date, Midwest region +0.6, Far West region +6.3, and all-market average +1.7. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$13.61. (4.0 minus 3.5 equals .5; 5 times \$.114 equals \$.570; \$13.04 plus \$.570 equals \$13.610.) 4/ Percentage changes have been adjusted for the different number of days in the two periods. 5/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1997, \$14.58; 1996, \$16.42; and Southeastern Florida: 1997, \$15.17; and 1996, \$16.93. 6/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1997, \$11.78; 1996, \$14.24; and Western Colorado: 1997, \$12.93; 1996, \$14.83. 7/ The data for 1996 also includes the Black Hills marketing area. Effective October 1, 1996, the order regulating this marketing area was terminated. Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted, effective October 1996, and are excluded from all-market figures. 8/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1996-97 and for which the data were not affected significantly by marketing area changes. Data for Greater Kansas City/Eastern South Dakota are no longer comparable; see 7/.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JULY 21 - 25, 1997				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD					
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	07/18/97	LAST YEAR					
BUTTER												
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE												
Block	-0-	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK												
Nonfortified	330,690	-0-	-0-	330,690	6,102,821	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	330,690	-0-	-0-	330,690	6,102,821	-0-	-0-	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF JULY 21 - 25, 1997 =	1	3.8	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	18.9	89.9	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - JULY 25, 1997 =	18.9	89.9	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

	CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL							
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT				
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,514,684	-0-	-0-	-0-	73.8	0.0
WEST	-0-	-0-	392,874	-0-	6,102,821	-0-	26.2	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	1,907,558	-0-	6,102,821	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045

<u>Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 07/05/97 & Comparable Week 1996</u>											
Regions*	1	2	3**	4**	5	6	7	8	9	10	U.S. TOTAL : % DAIRY OF ALL
1997-Dairy cows HD (000) :	0.3	1.2	---	8.1	16.1	2.1	2.7	0.8	7.0	2.6	WEEK :SINCE JAN 1: WEEK : SINCE JAN 1
1996-Dairy cows HD (000) :	0.3	1.0	---	8.5	15.7	1.2	2.9	0.8	6.3	1.9	40.8 1,497.4 45.1 46.0
1997-All cows HD (000) :	0.3	1.2	---	15.7	23.1	12.1	14.9	7.0	9.8	6.2	38.6 1,518.5 38.7 43.6
1996-All cows HD (000) :	0.3	1.1	---	19.0	21.4	17.8	17.6	7.2	9.7	5.6	90.4 3,253.9
											99.7 3,484.8 **REGION 3 & 4 COMBINED**

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE INVITATIONS (POUNDS)

PROCESS	SEPTEMBER DELIVERY	OCTOBER DELIVERY	
PROCESS LOAF - 5 LB.	1,069,200	554,400	
PROCESS SLICED	990,000	356,400	
PROCESS SHREDDED	230,400	--	
PROCESS LOAF - 2 LB.	--	950,400	OFFERS ARE DUE JULY 22. SCHEDULED PUBLIC RELEASE IS ON JULY 25 AT 4:00 P.M. (CST).
MOZZARELLA			
MOZZARELLA	2,338,560	403,200	
LITE MOZZARELLA	282,240	161,280	
LITE SHREDDED	282,240	80,640	
AMERICAN			
BLOCKS	878,903	479,400	
CHEDDAR CUTS	399,502	159,800	
REDUCED FAT	119,850	79,900	
REDUCED FAT CUTS	119,850	119,850	
CHEDDAR SHREDS	153,600	76,800	
REDUCED FAT SHREDS	192,000	--	
BARRELS	440,000	400,000	
NONFAT DRY MILK - SEPTEMBER			
INSTANT 6/4-POUND	93,312		
INSTANT 12/25.6 OZ	349,440		
NONFORTIFIED - 25 KG	773,819		

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 77,985,840

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 10,351,099

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74						